



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 05<sup>TH</sup> FEBRUARY 2024

### DOMESTIC NEWS

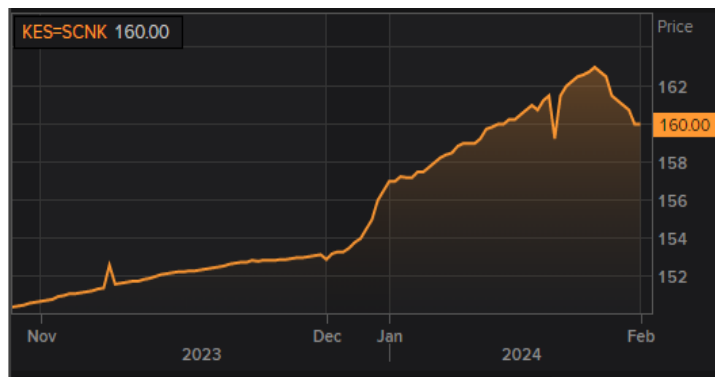
The Kenyan shilling was flat on Friday, as the local currency held onto its gains this week. The shilling was quoted at 160.00/161.00 against the dollar, the same as Thursday's closing rate. The shilling has largely held steady this week after recent loans by multilateral organizations and comments by President William Ruto on Eurobond payment propped up the currency (Reuters).

An increase in core inflation--the change in the costs of goods and services excluding those from the food and energy sectors--has triggered fresh concerns of pressure on interest rates ahead of Tuesday, when the monetary policy team of the Central Bank of Kenya (CBK) sets its new indicative lending rate. CBK data shows that core inflation edged up to 3.6 percent in January 2024 from 3.4 percent in December, a three-month high rate. The re-emergence of pressure on the non-food and non-fuel prices has coincided with the rebound in overall inflation or headline inflation which hit 6.9 percent last month from 6.6 percent in December. The uptick in core inflation mirrors higher prices for general goods and services excluding food and fuel-whose prices are usually considered volatile despite their largely fixed demand. (Reuters)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	198.41	211.41	197.61	212.31
EUR/KES	168.10	182.00	168.40	184.90
AED/KES	39.70	52.70	41.70	53.20

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	9.50%	1.50%
1 Month	9.75%	2.50%
3 Months	10.00%	3.25%
6 Months	10.25%	3.50%
1 year	10.50%	4.25%



USD movement from Nov 2023 – Date (Source: Reuters)

### INTERNATIONAL NEWS

Most Asian currencies weakened on Monday, while the dollar steadied at a near two-month high as strong labor market data and hawkish signals from the Federal Reserve saw traders reconsider bets on early interest rate cuts. Regional currencies were reeling from steep losses on Friday after U.S. nonfarm payrolls data read much higher than expected for January, pointing to continued resilience in the labor market. Fed Chair Jerome Powell said in a late-Sunday interview on CBS 60 Minutes that resilience in the U.S. economy gave the Fed more headroom to keep monetary policy steady for the time being. He also flagged a largely data-driven approach to any potential rate cuts. Powell's comments came just days after the Fed offered similar signals during its first meeting of 2024 and spurred extended gains in the dollar and Treasury yields. The dollar index and dollar index futures both rose 0.1% in Asian trade and were at their highest levels since early-December.

On the other hand, EUR/USD traded 0.2% lower at 1.0791. GBP/USD traded 0.3% lower at 1.2647. USD/CNY edged 0.2% higher to 7.1830. USD/JPY fell 0.1% to 146.75. The Japanese yen was flat on Monday, supported by purchasing managers index data showing the services sector grew more than expected in January. The Australian dollar fell 0.1%, as data showed a smaller-than-expected fall in the country's trade surplus through December.

In the commodities markets, Oil prices nudged higher on Monday, recovering from sharp falls last week, after Washington pledged to launch further strikes on Iran-backed groups in the Middle East and as Ukrainian drones struck southern Russia's largest refinery. Brent crude futures rose 36 cents, or 0.5%, to \$77.69 a barrel by 0511 GMT, while U.S. West Texas Intermediate futures were at \$72.53 a barrel.

On the other hand, Gold prices steadied near a two-week high on Friday, crossing key levels as unwavering bets on interest rate cuts by the Federal Reserve weighed on the dollar, with nonfarm payrolls data due later in the day set to provide more cues. Spot gold rose 0.1% to \$2,056.20 an ounce- crossing the \$2,050 level for the first time in two weeks, while gold futures expiring in March rose 0.1% to \$2,073.35 an ounce. Among industrial metals, copper prices fell on Friday and were set to end the week lower, amid persistent concerns over a sluggish economic recovery in top importer China.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0579	1.0983
GBP/USD	1.2412	1.2813
USD/ZAR	16.9204	20.9284
USD/AED	3.6528	3.6931
USD/JPY	146.36	150.38